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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

18 JUN 1975

Mr. James M. Frey
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Frey:

Enclosed is a proposed report to Chairman Staggers, House Committee on Interstate and Foreign Commerce, in response to a request for our recommendations on H. R. 968, a bill "To establish a National Resource Information System, and for other purposes."

Advice is requested as to whether there is any objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

SIGNED

George L. Cary
Legislative Counsel

Enclosure

Distribution:
Orig - Addressee, w/encl
1 - H. R. 968 file, w/encl
1 - OMB Liaison file, w/encl
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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

Honorable Harley O. Staggers, Chairman
Committee on Interstate and Foreign Commerce
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is in reply to your request for our comments on H. R. 968, a bill "To establish a National Resource Information System, and for other purposes."

It is not entirely clear whether information on both domestic and foreign resources is to be subject to the proposed information system. Resources are inherently international in character and since U. S. resource availability or needs are affected by world supply and demand, and since the activities of foreign affiliates of U. S. firms must be reported, foreign resources appear to be included. Clarifying language on the scope of the bill would be helpful.

If the bill is to be limited to information on domestic resources, we would have no substantive comment to offer since domestic matters are not within our scope of authority. On the other hand, if foreign information is to be included in the proposed National Resource Information System, this Agency would be affected and we have the following comments to make:

(a) In connection with information to be provided by this Agency, certain factors must be considered. The use of foreign intelligence information carries with it the burden of protecting the sensitive Intelligence Sources and Methods utilized in its collection and analysis. Unless satisfactorily protected, these sources and methods--national resources in their own right--may dry up or be nullified. These considerations were recognized and validated in the National Security Act of 1947 (50 U.S.C. 403), which provides in part:

> "That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure."

(b) The undiscriminating entry of all Agency foreign resource information into the proposed library system would conflict with the statutory charge cited above even if classified

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material was placed in the "secret library." Some intelligence in the area of foreign resources is based on sensitive means of collection and analytical techniques. The disclosure of these finished intelligence products would, in turn, betray the sources and methods used in their production. To protect these intelligence assets, such materials are segregated according to the sources and methods involved in their production and are maintained within separate compartmented systems and controlled channels. Accessing such material within a single information system would defeat this scheme of compartmentalization which has been recognized and accommodated by the Senate Select Committee now studying intelligence activities.

(c) Of concern also are the provisions of sections 208(b) and 208(e), which conflict with or fail to accommodate the Director's responsibility to protect Intelligence Sources and Methods. In addition, section 208(b) conflicts with the standards for classification under Executive Order 11652 and appears to substantially reduce protection afforded by classification pursuant to the Order. Of equal concern are the proposed grant of authority to the Comptroller General to review claims that information is entitled to be kept secret in section 601, and the proposed right of access to Agency files by the Director of the Bureau of National Resources Information or his designee in section 211.

(d) Section 208(f) of H. R. 968 would require immediate confirmation of any information which comes into the public domain. This would force the confirmation of information which is disclosed without authorization and could aggravate the damage resulting from the initial disclosure. We would urge that this section be struck from the bill.

It is noted that section 209 of the bill establishes criminal penalties for the unauthorized disclosure or theft of national resource information by a Government employee in the interest of deterring such conduct. I have proposed similar legislation concerning Intelligence Sources and Methods, which I believe are deserving of the same protection.

Enclosed is a suggested amendment to the bill, which would satisfactorily resolve the statutory conflict referred to above, while preserving the intent and objectives of the legislation.

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Suggested Amendment to H. R. 968

Add as new section 704 to Title VII:

"INTELLIGENCE SOURCES AND METHODS"

"SEC. 704. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102(d)(3) of the National Security Act of 1947, as amended [50 U.S.C. 403(d)(3)], that the Director of Central Intelligence shall be resonsible for protecting intelligence sources and methods from unauthorized disclosure, nothing in this Act shall require the Central Intelligence Agency to provide information when in the sole discretion of the Director of Central Intelligence such provision would disclose information relating to intelligence sources and methods which, in the judgment of the Director of Central Intelligence, should not be disclosed."

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The Office of Management and Budget has advised there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

W. E. Colby
Director

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